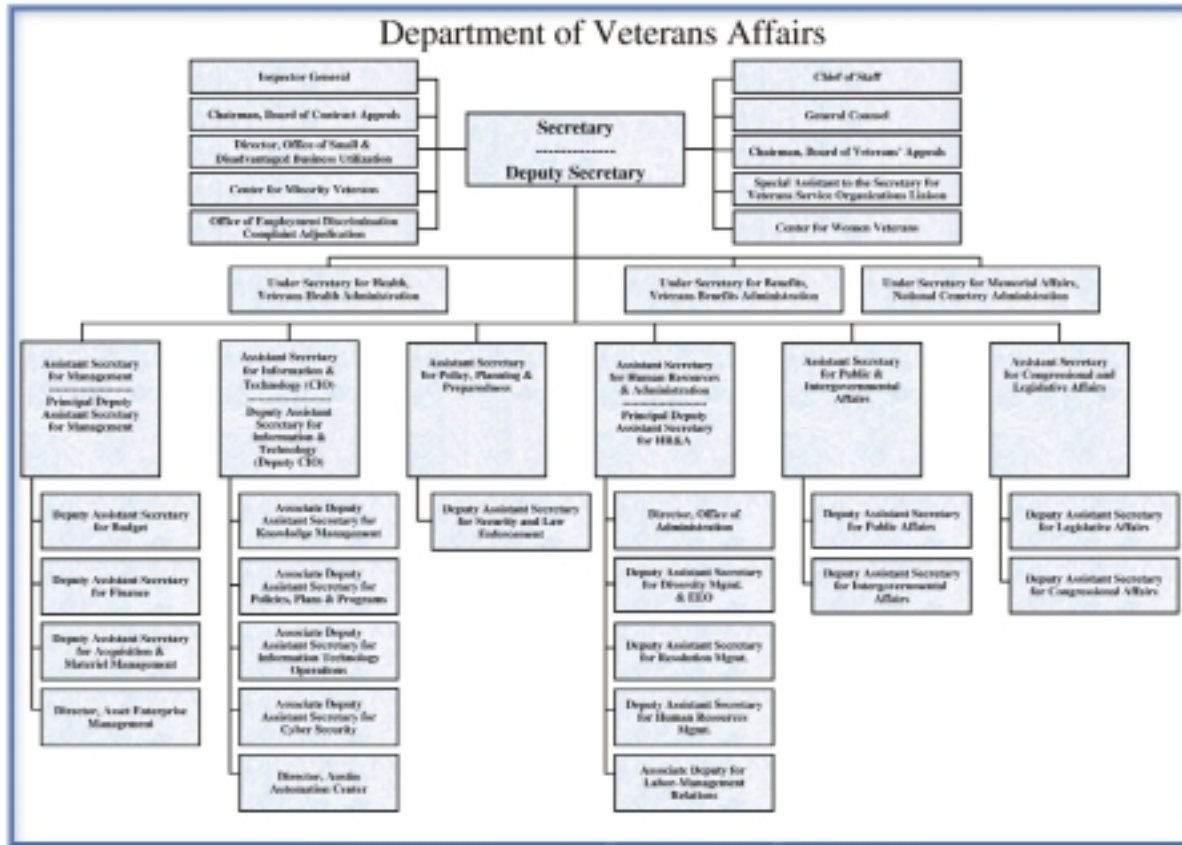


Who We Are



VA is striving to fulfill the words spoken by President Lincoln over 100 years ago by working to provide world-class benefits and services to veterans in a cost-effective manner. The statutory mission authority for VA defines our organizational commitment to America's veterans: "to administer the laws providing benefits and other services to veterans and the dependents and the beneficiaries of veterans." (38 U.S.C. 301(b)) This mandate sets forth the Department's role as the principal advocate for veterans and charges VA to ensure that veterans receive the medical care, benefits, social support, and lasting memorials they

"To care for him who shall have borne the battle, and for his widow, and his orphan"

deserve in recognition of their service to this Nation.

President Lincoln's words guide nearly 212,000 VA employees who have the privilege of serving veterans today. More than 185,000 employees support VA's health care system, one of the largest in the world. Approximately 13,000 employees are

involved with providing benefits to veterans and their families, and over 1,600 employees provide burial and memorial benefits for veterans and their eligible spouses and children.

The delivery of veterans' services is accomplished through VA's 162 hospitals, more than 850 community and facility-based clinics, 43 domiciliaries,

206 vet centers, 57 regional offices, and 120 national cemeteries and 33 other cemeterial installations. VA actively recognizes and preserves America's past and is the caretaker of a significant number of the Nation's historic properties. These properties that belong to the American people include 75 hospital campuses that are historic districts encompassing over 1,600 designated historic buildings, and 66 VA national cemeteries including 59 Civil War-era national cemeteries, that are listed on the National Register of Historic Places. VA has facilities in all 50 states, the District of Columbia, the Commonwealth of Puerto Rico, and U.S. territories.

Dating back to the earliest days of our country, support for veterans and their families has been a national priority. Veterans' programs have evolved to the comprehensive set of health care, benefits, and memorial services VA provides today. Veterans' programs have four broad purposes, which form the basis for VA's four strategic goals.

- To restore the capability of veterans with disabilities;
- To ensure a smooth transition as veterans return to civilian life in their communities;
- To honor and serve all veterans for the sacrifices they made on behalf of the Nation;
- To contribute to the public health, emergency management, socioeconomic well-being, and history of the Nation.

VA also plays a substantial role in ensuring national emergency medical preparedness and providing medical support to the Department of Defense. VA's enabling goal helps

ensure continuous focus on providing world-class service to veterans and their families through responsible resource stewardship and effective governance. The enabling goal also provides measures to assess performance in the strategic management of human capital, information technology, capital asset management, and governance.

Just as VA's history has evolved, we expect the needs of veterans to change; how VA responds will continue to transform as well. Whatever veterans' needs are, VA will be ready. Today, there are over 25 million living men and women who served in the armed forces. VA currently provides health care, benefits, and memorial services to millions of veterans as well as eligible survivors and dependents.

Each of the three VA administrations has a field structure to enable it to provide efficient, accessible service to veterans throughout the country. The Veterans Health Administration (VHA) has 21 Veterans Integrated Service Networks (VISNs), integrated networks of health care facilities that provide coordinated services to veterans to facilitate continuity through all phases of health care. The Veterans Benefits Administration (VBA) has 57 regional offices (VAROs) for receiving and processing claims for VA benefits. The National Cemetery Administration (NCA) has five Memorial Service Networks (MSNs), which provide direction, operational oversight, and engineering assistance to the cemeteries by specific geographic area.

The Department accomplishes its mission through partnerships among VHA, VBA, NCA, the Board of Veterans' Appeals (BVA), and Departmental staff organizations by

integrating related activities and functions of our major programs. VA provides services and benefits through the following nine major business lines:

Medical Care

VA meets the health care needs of America's veterans by providing primary care, specialized care, and related medical and social support services. Also included are health care education and training programs designed to help ensure an adequate supply of clinical care providers for veterans and the Nation.

Medical Research

The medical research program contributes to the Nation's overall knowledge about disease and disability.

Compensation

The compensation program provides monthly payments and ancillary benefits to veterans, in accordance with rates specified by law, in recognition of the average potential loss of earning capacity caused by a disability, disease, or death incurred in, or aggravated during, active military service. This program also provides monthly payments, as specified by law, to surviving spouses, dependent children, and dependent parents, in recognition of the economic loss caused by the veteran's death during active military service or, subsequent to discharge from military service, as a result of a service-connected disability.

Pension

The pension program provides monthly payments, as specified by law, to needy wartime veterans at age 65 or over or who are permanently and totally disabled. This program also provides monthly payments, as specified by law, to needy surviving spouses and

dependent children of deceased wartime veterans who die as a result of a disability unrelated to military service.

Education

The education program assists eligible veterans, servicemembers, reservists, survivors, and dependents in achieving their educational or vocational goals.

Vocational Rehabilitation and Employment

The vocational rehabilitation and employment program assists veterans with service-connected disabilities to achieve functional independence in daily activities, become employable, and to obtain and maintain suitable employment.

Housing

The housing program helps eligible veterans, active duty personnel, surviving spouses, and selected reservists to purchase and retain homes.

Insurance

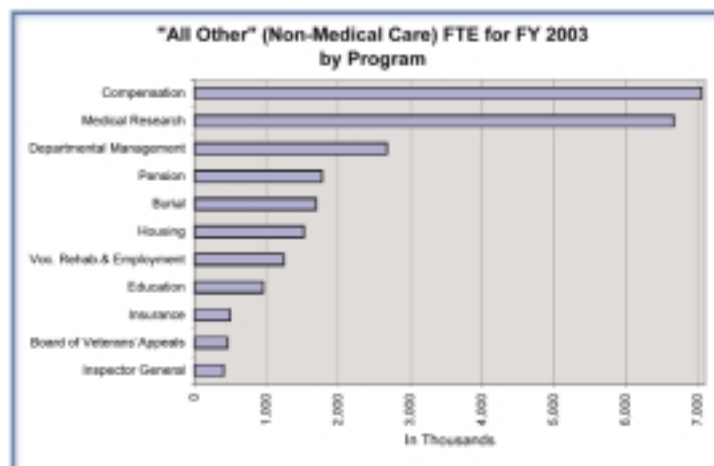
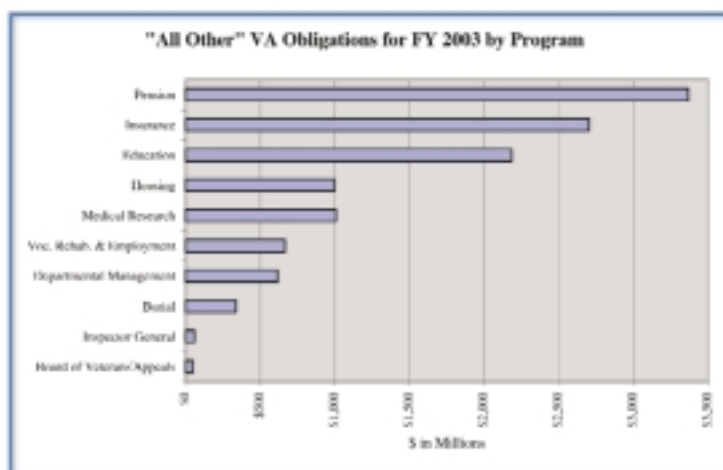
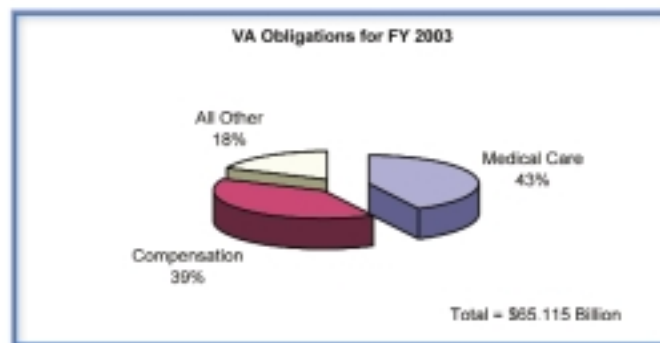
The insurance program provides veterans, servicemembers, and family members with life insurance benefits, some of which are not available from other providers – such as the commercial insurance industry – due to lost or impaired insurability resulting from military service. Insurance coverage is made in reasonable amounts and at competitive premium rates comparable to those offered by commercial companies. The program ensures a competitive, secure rate of return on investments held on behalf of the insured.

Burial

Primarily through the National Cemetery Administration, VA honors veterans with a final resting place and lasting memorials that commemorate their service to the Nation.

Program	FY 2003 Participants
Medical Care	
Unique Patients	4,982,000
Compensation	
Veterans	2,485,200
Survivors/Children	336,800
Pension	
Veterans	346,600
Survivors	231,300
Education	
Veterans/Servicepersons	349,000
Reservists	88,000
Survivors/Dependents	62,000
Vocational Rehabilitation	
Veterans Receiving Services	70,700
Housing	
Loans Guaranteed	489,400
Insurance	
Veterans	1,971,100
Servicepersons/Reservists	2,400,000
Spouses/Dependents	3,010,000
Burial	
Interments	89,800
Graves Maintained	2,574,500
Headstone/Markers (Processed)	335,100
Presidential Memorial Certificates	254,600

In 2003, VA resources totaled \$65.1 billion in obligations and nearly 212,000 FTE employees. Over 95 percent of total obligations went directly to veterans in the form of monthly payments of benefits or for direct services such as medical care. The following charts show how VA spent the funds with which we were entrusted and the distribution of FTE.



Who We Serve

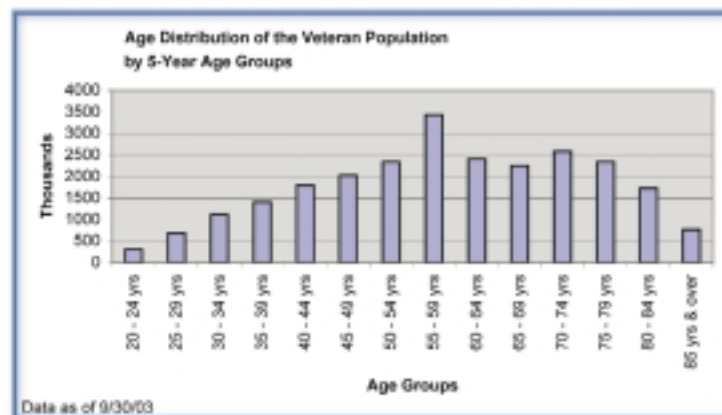
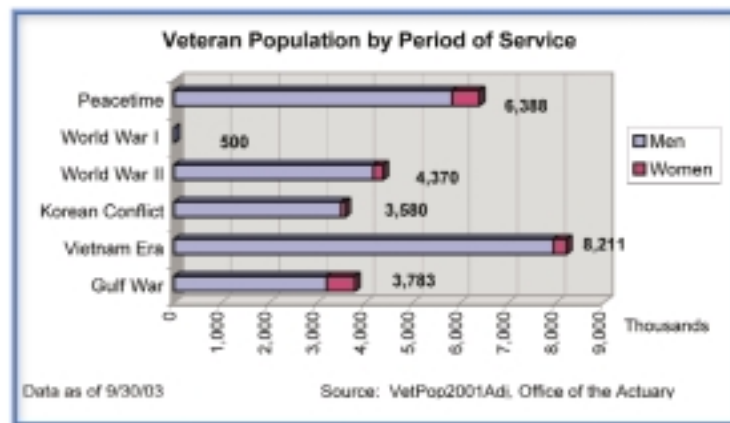
Beginning with our Nation's struggle for freedom more than 2 centuries ago, approximately 42 million men and women have served this country during wartime periods. Based on April 2000 census data, there were about 26.5 million veterans living in the United States and the Commonwealth of Puerto Rico; over 19 million (75 percent) of these veterans served during at least one wartime period. The veteran population decreased by 655,000 in 2003. There are also approximately 40 million family members of living veterans and survivors of deceased veterans. The table to the right depicts the veteran population by period of service.

As of September 2003, the median age of all living veterans was 58 years. The number of veterans 85 years of age and older totaled nearly 764,000. In April 1990, there were only 164,000 veterans in this age range. This large increase in the oldest segment of the veteran population has had significant ramifications on the demand for health care services, particularly in the area of long-term care.

As of September 2003, the 1.68 million women veterans constituted 6.7 percent of all veterans. The population of women veterans as a percentage of all veterans is expected to increase as the number of military service women continues to grow. The demographic profile of the female veteran population is generally younger than that of male veterans with the median age of female veterans being 14 years younger than that of male veterans – 45 versus 59.

Our Continuous Focus on the Veteran

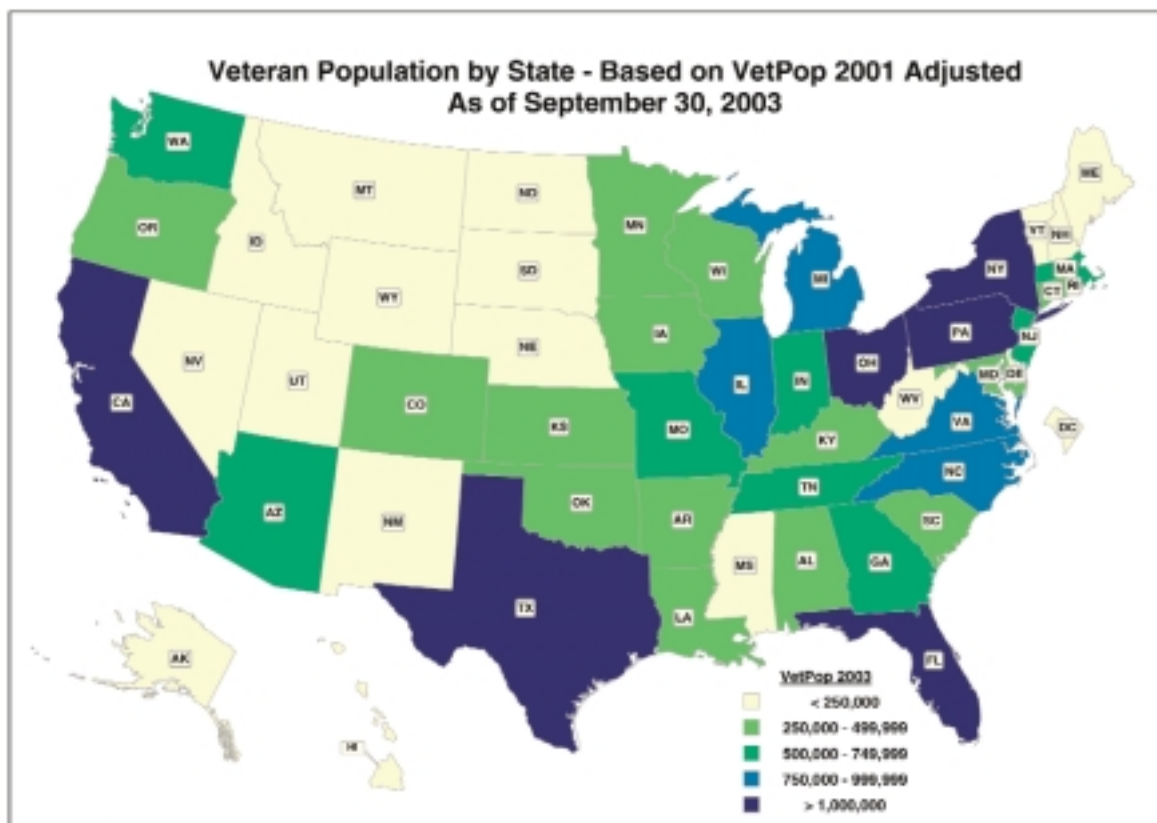
This section of the report presents social and demographic data on the veteran population. Data on the number of veterans by age, sex, period of service, and state of residence are from official VA estimates and projections based upon VetPop2001 data with initial adjustments to reflect the Census 2000 data.



The growing number of women in the military in recent years is reflected in period-of-service differences between male and female veterans. The number of women veterans enrolled in VA's health care system grew from 226,000 in 2000 to 330,000 in 2003, an increase of 46 percent.

Veterans in just three states – California, Florida, and Texas – comprised over 23 percent of the total veterans living in the United States and Puerto Rico as of September 2003. The three next largest states in terms of veteran population are New York, Pennsylvania, and Ohio. These six states account for more than 37

percent of the total veteran population. At the other end of the scale, the three least populous states in terms of veteran population—Wyoming, North Dakota, and Vermont—plus the District of Columbia collectively accounted for less than 1 percent of the total.



Source: Department of Veterans Affairs, Office of Policy, Planning & Preparedness, Office of the Actuary (2004)